



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** held on **Wednesday 19 October 2016**.

The decisions will come into force and may be implemented from **31 October 2016** unless the Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Durham Key Options Lettings Policy Changes [Key Decision: RED/08/16]

Summary

The Cabinet considered a Report of the Corporate Director, Regeneration and Local Services which updated Cabinet on the outcomes of the recent consultation on the proposed changes to the Durham Key Options Lettings Policy and sought approval to implement policy changes as set out in the report.

Durham Key Options (DKO) began in 2008, with East Durham Homes acting as a pilot to the Choice Based Lettings (CBL) scheme. CBL allows applicants who are registered for housing to bid for empty properties on a weekly basis. Dale and Valley Homes, Derwentside Homes, East Durham Homes, livin (formerly Sedgefield Borough Homes) and North Star (formerly Teesdale Housing) joined in 2009 and Cestria fully entered the scheme in 2010. All seven partners agreed to follow one combined Letting Policy and nominate 100% of their stock through DKO. The DKO Lettings Policy was last reviewed and amended in 2013. This was in response to the Localism Act 2011 and impending changes to housing benefit.

In order to ensure appropriate letting of social housing properties in County Durham, DKO must continue to ensure that the future homes of their applicants are suitable and affordable. The client's current housing need must be balanced with their future need, both in terms of housing need and affordability. It is considered essential that the DKO Letting Policy reflects the changing climate in housing; the impact of welfare reform and the changing needs of clients. Overall, the aim is to offer suitable and affordable homes, with an easier application process and a more efficient bidding system; a more customer friendly scheme, with a better matching of stock to needs.

The DKO Board, which is made up of representatives of all landlords involved with DKO, agreed an action plan for 2016-17 and a review of the letting policy was included as one of the actions. The Council's Consultation Officers Group (COG) agreed the 10 questions (also agreed by all DKO partners) which formed the consultation for these changes. These were set out in appendix 4 of the report. All DKO partner landlords carried out their own consultation with their stakeholders, including their own Boards and management teams. There were exactly 800 returns in response to the consultation, across all 7 landlord partners. The response was largely in favour of all changes with at least 72% agreeing with each change. The results of this consultation were included in the report at appendix 4.

Following the approval of the changes to the policy, DKO partners will spend the coming months reviewing the procedures that sit behind the DKO Letting Policy. The DKO Board will create a robust procedure for the assessment of rent and mortgage arrears, as well as clarifying how affordability will be assessed by the scheme. The procedure document will be revised to include all other changes, by the DKO Steering Group and the Choice Based Lettings Co-ordinator (employed by DCC). Staff training will be carried out across all partners (and co-ordinated by the Council) to ensure all changes are understood, both in terms of their reasoning and potential impact. The DKO website and partner websites will be updated to promote all changes to the public. Other advertising (such as the Durham County News magazine) will be utilised to ensure all changes are widely promoted.

Decision

The Cabinet agreed to amend the Durham Key Options Letting Policy as follows:

- The banding structure will be reduced from 5 bands (A to E) to 4 bands (1-4). The existing quota system will also be removed so all allocations are awarded based solely on housing need, with all applicants being shortlisted in the order of their band (1-4) with their date of application acting as a tie breaker.
- To accommodate the new 4 band structure, all applicants in high medical need will be assessed against a new two-tier medical framework, devised by DKO in partnership with Occupational Therapists. All applicants with a medical need will be placed in either band 1 with an urgent medical need, or band 2 for all other medical needs.
- All applicants placed in band 1 will be expected to be rehoused (pending suitable accommodation available) within 12 months. If suitable accommodation has been deliberately overlooked or refused then the applicant may be placed in band 2, but only after a direct offer of accommodation has been made. Each case will be reviewed at the 12 month stage and where suitable accommodation has not been available (or where the applicant's circumstance means they have been unable to bid) then their time in band 1 will be extended. The 6 week timeframe to rehouse statutorily homeless applicants will remain in the policy, with a direct offer made after a 6 week period.

- To increase engagement with the local authority's housing solutions service, DKO will remove the low level banding reason 'threatened with homelessness within the next three months' (that would have felt into the new band 3). All applicants will be given their housing options but referred to the local authority for full homelessness advice (any potential homeless application required). Applicants found to be homeless and in priority need through a homeless application will be placed in band 1, those that the authority find they have no duty to, will be placed in band 2.
- DKO will also remove the banding assessment reason 'wanting larger accommodation (outside of overcrowding)', currently in band D. All applicants that can afford larger accommodation will still be given access to it but will not be assessed as having a housing 'need' when they are adequately housed.
- Applicants assessed as adequately housed that have moved within the last 12 months through the DKO scheme, will not be allowed to register until the end of that 12 month period (from date of move). If the applicant (or household) requires a new housing need to be assessed (eg welfare, hardship, medical) then their application for housing will be accepted at any time.
- All rent/mortgage arrears will be assessed when considering applicant's current circumstance and acceptability as a future tenant. Every case will be dealt with on its own merits including the reason for accruing the arrears and 'signs of change' since.
- Applicants will only be granted access to the size of home they can afford to pay the total rent for (whether in full, or part housing benefit).

Economy and Enterprise Overview and Scrutiny Review of support provided for skills development within County Durham

Summary

The Cabinet considered a report of the Director of Transformation and Partnerships which presented the key findings and recommendations of the Economy and Enterprise Overview and Scrutiny Committee's Review Group report focusing on support provided for skills development within County Durham.

At a special meeting of the Economy and Enterprise Overview and Scrutiny Committee held on 29 October 2015 members agreed the terms of reference for the review with the aim of investigating and understanding the role and performance of DCC and key partners in supporting skills development, examine current partnership working and the future skill priorities for the county and identify any barriers to employment. A review group of 13 members was established from the membership of the Economy and Enterprise Overview and Scrutiny Committee. Evidence was gathered over eight meetings and three visits providing members with the opportunity to see 'first hand' the type of skills support provided by partners in the county.

The review group's key findings were attached at Appendix 2 and resulted in the formulation of the following recommendations:

- That the Council robustly analyses the impact of the introduction of the Apprenticeship Levy and the statutory apprenticeship target on Durham County Council and further apprenticeship opportunities in the county.
- That Durham County Council monitors the progress of the North East Area Based Review and the full devolution of the Adult Education Budget within the context of future FE provision within County Durham.
- That Durham County Council (DCC) via the Regeneration and Economic Development (RED) Service Grouping is pro-active in promoting with SMEs and training providers in the county the various top up grants available from the County Durham Apprenticeship Programme (CDAP) together with the availability of support to employers to assist in applying for the various available top ups.
- As part of the monitoring arrangements for the DurhamWorks Programme the Council ensures that the Economy and Enterprise Overview and Scrutiny Committee receive updates on the progress, performance and delivery of the programme.
- That Durham County Council is pro-active in promoting with schools the importance of providing young people with good quality Careers Education, Information, Advice and Guidance (CEIAG) together with an opportunity for meaningful work experience placement with local employers, and continues to monitor take up of provision by schools.
- That the Area Action Partnerships (AAPs) continue to develop local skill projects and initiatives and where appropriate share across the AAP network and work with the Children and Young People's Services Service Grouping to determine whether any elements of individual AAP projects can be used to complement the DurhamWorks Programme.
- That key partners within the county be encouraged through the County Durham Economic Partnership (CDEP) to use the same labour market tools and share data so that there is a consistent approach to predicting employer's future skill requirements.
- That the Business and Education Board build upon the success of 'Get the Buzz' week by continuing to work with partners to identify and develop future opportunities for business and education engagement across County Durham.
- That a review of this report and progress made against the recommendations will be undertaken six months after the report is considered by Cabinet including as part of this process the following:
 - A summary of AAP activity currently undertaken across the county focusing on skills development.
 - A summary of activity undertaken to develop further opportunities for business and education engagement.
 - An update on the progress of the three local apprenticeship programmes (Teenage Parent Apprenticeship Programme, ICT Apprenticeship Hub Programme and the CDAP).

Decision

The Cabinet:

- Noted the recommendations in the report attached at Appendix 2 and agreed to formulate a response within the six month period identified in the report for systematic review of the recommendations.
- Agreed that the report be shared with the County Durham Economic Partnership.

An Opportunity for Every Care Leaver

Summary

The Cabinet considered a report of the Interim Corporate Director, Children and Adults Services which updated on action being taken to ensure all of Care Leavers have the opportunity to achieve their aspirations and fulfil their potential and to highlight ongoing barriers to the successful progression into Apprenticeships and employment for some Care Leavers.

In March 2016, the Corporate Management Team agreed to the development of an Action Plan to identify and promote opportunities for Care Leavers within DCC and to clarify roles and responsibilities. The Action Plan (which was included in the report at Appendix 2) has been developed and it is now being implemented. Key developments include:

- Identification of Directorate Champions to support the sourcing and promotion of opportunities (for Apprenticeships and Traineeships):
- 2Profile of agenda raised with Strategic Managers via Management Teams and identification of possible opportunities for Care Leavers
- Establishment of a central brokerage function to support unemployed Care Leavers into education, employment or training and/or to benefit from the identified opportunities.
- All unemployed Care Leavers (15-24) allocated a Transition Advisor (through DurhamWorks) to support them on their pathway to employment. The Advisors will continue to work with them until July 2018.
- Celebration of Success of individual Care Leavers, e.g. Care Leavers undertaking a Traineeship with the Adult Learning and Skills Service recently received a Group award at an Awards evening on the 16th June. In addition, a Care Leavers Celebration of Achievement Event will be held on the 26 October 2016 as part of national Care Leavers Week.

Many Care Leavers continue to face multiple barriers to progression. These include low confidence and low self-esteem and previous negative experiences of education which can impact on motivation to progress into education, employment or training. Some Care Leavers are also teenage parents and their barriers to progression can be even greater.

In addition to the many personal barriers individual Care Leavers can face to progression, there continues to be a financial disincentive for many to progress onto an Apprenticeship or into employment. In year one of an apprenticeship, it is likely that an individual will receive £529 per month. Many Care Leavers, as a result of their individual circumstances, receive benefits far in excess of this and there continue to be caught in a benefits trap. Initial discussions with both Revenue and Benefits and Jobcentre Plus suggest there is no local flexibility to waiver national rules which dictate the support Care Leavers can receive when undertaking an Apprenticeship.

The report therefore proposed that a small Task Group be established involving the Young People's Service, Adult Learning and Skills Service, Revenue and Benefits, Regeneration and Economic Development and Jobcentre Plus to develop a more detailed understanding of the level of financial support that would be required to support an estimated 10 Care Leavers each year with a two year income guarantee and a process by which this could be managed.

Decision

The Cabinet:

- Noted the activity being undertaken to support Care Leavers address financial barriers to undertaking an Apprenticeship / access employment and ensure the Council meets its responsibilities as a Corporate Parent.

Public Health Annual Update Report

Summary

The Cabinet considered a report of the Interim Corporate Director, Adult and Health Services and the Interim Director, Public Health

The report provided an update of national, regional and local developments during the last year. Priorities going forward are in alignment with Public Health England and best available evidence, building on community assets and impacting on the health needs of the population. Wellbeing for life and Area Action Partnership connections will be pivotal in achieving this.

Further work will be undertaken through the housing and health group and links with the poverty action group to consider how by maximizing income and improving the quality of housing can reduce premature mortality and increase life expectancy. The work with the NHS on the Sustainable Transformation Plans and the Health and Social Care Commission will take up increasing amounts of time within the public health team to ensure prevention and early intervention is at the forefront of thinking across all work streams.

Decision

The Cabinet:

- noted the content of the report
- agreed to receive an annual update on public health in relation to ongoing transformations in service delivery and commissioned services.

Durham County Cricket Club – Financial Support

Summary

The Cabinet considered a joint report of the Corporate Director, Regeneration and Local Services and the Corporate Director, Resources which informed Cabinet of developments in relation to securing the future of first class county cricket in the county. The report also provided an update on the finances of Durham County Cricket Club (DCCC), a change in their articles of association and subsequent restructure of the Club in response to a financial rescue package agreed with the England and Wales Cricket Board (ECB). The report also sought agreement to the Council converting its outstanding loan balance into equity in the form of redeemable preference shares in the new Community Interest Company (CIC) that will run the Club going forward as part of the rescue package to secure the future of DCCC. The Emirates Durham International Cricket Ground in Chester-le-Street is a world class multi-purpose events and entertainment venue that has hosted a number of prestigious, high-profile cricket matches, including an Ashes Test Match in 2013, many one day and limited overs T20 internationals plus a range of concerts, conferences, meetings and events which provide significant tourism and promotional benefits to the county. Over the summer, DCCC made the Council and the ECB aware of the extent of the significant financial difficulties that the Club was facing and raised grave concerns over the future viability of the Club unless there was a significant restructuring of its debt position or new additional cash investment into the business. DCCC had hoped that commercial and residential developments on the site could have provided much needed financial security but it was unlikely that these benefits could be realised quickly enough

The financial situation DCCC faces is untenable and the Club is effectively insolvent and not viable in its current state. It has been taking advice from an Insolvency Practitioner and without a restructuring and rescue package being put in place the Club will enter into administration. There is a real threat that first class cricket could be lost and a significant risk that the Council would be unable to recover the outstanding debt.

The ECB have intervened and the Club will face sporting sanctions as a consequence of their financial position. The rescue package proposed by the ECB would see the ECB write off £2million of outstanding debts. It is recognised that the sanctions will lower the profile of the Club in the short term, however, the ECB have committed to limited overs international cricket being brought to the County each year and the Emirates Durham International Cricket Ground in Chester-le-Street being a Cricket World Cup venue in 2019.

The proposed package is contingent on the Council's participation in an 'all creditor' agreement through transferring its debt to redeemable preference shares in the new CIC. This would allow a solvent Club under new management to continue and over time grow. The ECB have also committed to the Council receiving an equally proportionate amount of any special fee payments due to DCCC over the coming years. The Council's role and participation in the new Board is still to be determined. The proposals put forward by the ECB carry the prospect of the Council ultimately recovering its investment by way of dividend and / or special fee payments and does not involve the Council paying any further monies to the Club.

Decision

The Cabinet:

- (i) Agreed to convert the outstanding balances on the loans advanced by the Council to DCCC in 2009, 2011 and 2013 – currently £3.740million - to equity in the form of redeemable preference shares in the newly formed CIC to run DCCC going forward;
- (ii) Noted that the new CIC will be overseen by a new Chair, a new Board of Directors and a new management team going forward;
- (iii) Delegated to the Corporate Directors of Resources and Regeneration and Local Services, in consultation with the Cabinet Portfolio Holders for Finance and Regeneration and Economic Development, authority to finalise the terms of the conversion and shareholding in the new CIC.

Schools PFI Refinancing

Summary

The Cabinet considered a report of the Corporate Director, Resources, which sought approval for delegated powers to be utilised to enter into a debt refinancing arrangement for the Council's Public Finance Initiative (PFI) covering Schools.

As part of the Building Schools for the Future programme, three new schools were procured through a PFI contract with Inspiredspaces Durham (ProjectCo1) Ltd. The schools were completed between September 2010 and January 2011 and the associated PFI contract runs until January 2036. During this time, the Council pays a monthly amount to the contractor, currently £608,000 per month, which is currently funded by a PFI grant, contributions from the schools, and a contribution from the Dedicated Schools Grant.

The Council has been approached by Amber Fund Management Limited (AFM), our partner in the PFI Project Company to consider the refinancing of the senior debt within the PFI deal. This approach has been made at this time because of the historically low level of interest rates available at present.

In total the original senior debt was circa £49million with circa £43million still outstanding. AFM have approached the Council along with five other local authorities to bring together a larger portfolio to take to the market to seek a refinancing deal. In total the outstanding debt for all of the authorities is £390million. It is expected that a more competitive deal can be secured by going to the market for £390million rather than just the Councils £43million. Notwithstanding this expectation, terms will be sought for individual authorities as well as for the full £390million. This will enable each local authority to be able to compare and assess options individually and collectively.

Each of the PFI contracts includes a requirement for early redemption penalties to be paid as part of any refinancing deal. It is estimated that the cost of these early redemption payments for the six local authorities could be circa £110million. This would require a total refinance package of circa £500million. Although this would result in an increase in the outstanding debt, it is still expected that the total repayments over the remaining term of the arrangement (circa 20 – 22 years) will be lower due to the expected reduction in interest rate charged on the new loan debt.

At this stage AFM have approached the market to seek terms. In terms of timing, it is expected that the short list will be agreed by the end of October and a final deal being finalised by the end of March 2017. Based upon initial indications AFM have advised the Council that the terms being offered by prospective funders will result in a net gain for the six local authorities. Any benefit from the refinancing will be split between the Council and AFM as follows:

Up to £1million benefit	50% DCC – 50% AFM
Between £1million and £3million benefit	60% DCC – 40% AFM
Over £3m benefit	70% DCC – 30% AFM

It is not clear at this point when the Council will be required to enter into contractual arrangements to finalise any refinancing arrangement, however, there may be a need to move at pace in this regard. With this in mind this report seeks approval for delegated approval to be given to enable any such arrangement to be entered into on the basis that any arrangement generates a financial benefit, balances risk and protects the interests of the Council.

Decision

The Cabinet agreed to:

- (i) Note the option to refinance the debt outstanding in the Council's Schools PFI;
- (ii) Note the total sums outstanding and the option to aggregate the Council's outstanding debt with that of five other local authorities to maximize financial benefit;
- (iii) Note the expectation of a financial benefit being generated from the refinancing;

- (iv) Authorise the Corporate Director Resources in consultation with the Portfolio Holder for Finance to agree a refinancing deal beneficial to the Council.

Decision made in Part B of the meeting – report containing exempt or confidential information

Refinancing of Newcastle International Airport

Summary

The Cabinet considered a report of the Corporate Director, Resources, which requested that Cabinet note the exercise of emergency delegated powers to agree the debt refinancing arrangements for Newcastle International Airport.

Decision

The Cabinet approved the recommendations contained in the report.

Colette Longbottom
Head of Legal and Democratic Services
21 October 2016